

Message Text

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FM AMEMBASSY KINGSTON

TO SECSTATE WASDC 4955

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E.O. 11652: N/A

TAGS: EMIN

SUBJ: EDITORIAL COMMENT ON PASSAGE OF BAUXITE LEGISLATION

1. FOLLOWING EDITORIAL APPEARED IN JUNE 12, DAILY GLEANER,
AND REPRESENTS MODERATE JAMAICAN OPINION OF RECENT EVENTS.

2. BEGIN TEXT:

POINT OF NO RETURN

JAMAICA HAS NOW PASSED WHAT MIGHT BE CALLED THE POINT OF NO RETURN WITH THE APPROVAL BY THE HOUSE OF REPRESENTATIVES OF THE LEGISLATION REGARDING THE GOVT'S NEW BAUXITE POLICY. IN OTHER WORDS, THE POLICY HAS NOW BECOME LAW AND THE COUNTRY IS FULLY COMMITTED TO THE IMPLEMENTATION OF THE NEW POLICY AS WELL AS TO WHATEVER CONSEQUENCES THERE MIGHT BE.

THERE IS NO QUESTION OF RETRACTING NOW IF PRESSURE IS PUT ON THE COUNTRY. AND LET THERE BE NO DOUBT IN ANYONE'S MIND, PRESSURE CAN BE BROUGHT TO BEAR IN ONE WAY OR THE OTHER. IT IS PROBABLY WELL THAT THE GOVT HAS TAKEN A FIRM DECISION AND PUT THROUGH THE LAW WITHOUT DELAY. AT LEAST, IT HAS BEEN MADE CLEAR TO INTERESTED PARTIES THAT THERE IS NOTHING FURTHER TO BE DONE. HAD THE GOVT WAIVERED FOR A SINGLE INSTANT JAMAICA WOULD HAVE LOST THE INITIATIVE.

THE GENERAL OPINION OVERSEAS SEEMS TO BE THAT JAMAICA HAS
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TAKEN A GAMBLE AND THAT EVERYONE IS WAITING TO SEE WHAT WILL HAPPEN

PEN. THERE IS NO DOUBT THAT THE GOVT HAS GAMBLED; BUT THE ODDS ARE NOT AS HIGH AS SOME WOULD LIKE TO THINK. IT IS NOT EASY FOR THE BAUXITE AND ALUMINA COMPANIES TO WRITE OFF THEIR VERY LARGE INVESTMENT IN JAMAICA. THEY MAY DO IT OVER A LONG PERIOD OF TIME, BUT ONLY IF THEY FIND ALTERNATIVE SOURCES OF BAUXITE WHICH ARE CHEAPER, KEEPING IN MIND THE CLOSENESS OF JAMAICA TO THE US AND CANADA AND THE SHIPPING COST ADVANTAGES.

WHAT IS MORE, AS FAR AS IS KNOWN, THERE WAS NEVER ANY TALK OF NATIONALIZATION, THE JAMAICAN GOVT STATED WHAT IT WANTED, AND WHEN THE BAUXITE COMPANIES REFUSED TO MEET THE DEMAND THE GOVT SIMPLY SAID THAT THE COMPANIES HAD NO CHOICE BUT TO PAY. AS FAR AS IS KNOWN, AT NO STAGE HAS THE GOVT SAID THAT IF THE COMPANIES FAILED TO COMPLY THEIR INVESTMENTS WOULD BE NATIONALIZED. THE LAW IS NOW THE LAW AND THEY MUST PAY.

THE REAL ISSUE SEEMS TO BE WHETHER A SMALL COUNTRY SUCH AS JAMAICA CAN BRING BIG INTERNATIONAL GIANTS TO THEIR KNEES. ALL OTHER DEVELOPING COUNTRIES HAVE THEIR EYES ON JAMAICA TO SEE WHAT WILL HAPPEN. BECAUSE THEY TOO WOULD LIKE TO GET THE SAME TREATMENT FOR THEIR PARTICULAR PRIMARY PRODUCTS. THE DEVELOPED COUNTRIES AND THE MULTI-NATIONAL CORPORATIONS ALSO HAVE THEIR EYES ON JAMAICA FOR THEIR MONOPOLY POSITION COULD BE CHALLENGED. IT HAS PROBABLY WORKED TO JAMAICA'S ADVANTAGE THAT NONE OF THE OTHER DEVELOPING COUNTRIES HAVE JUMPED ON THE BAND WAGON AND STARTED MAKING SIMILAR DEMANDS; OTHERWISE A GREAT DEAL OF PRESSURE MIGHT HAVE BEEN BROUGHT ON JAMAICA.

WE NOTE WITH SATISFACTION, THAT THE UNITED STATES STATE DEPARTMENT HAS REMAINED SILENT ON THE MATTER. IT HAS BEEN THE CUSTOM IN THE PAST FOR THE STATE DEPARTMENT TO BRING OUT THE BIG STICK AND DEFEND AMERICAN INTERESTS. WE HOPE THIS SILENCE NOW IS DUE TO A NEW PHILOSOPHY WITHIN THAT DEPARTMENT - A PHILOSOPHY BORN OF THE REALIZATION THAT MOST OF THE DEVELOPING COUNTRIES HAVE LEGITIMATE REASONS TO PROTECT THEIR SOVEREIGN RIGHTS. END TEX.
GERARD

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